



FY 2019 Results Presentation
26 March 2020

ORASCOM 
CONSTRUCTION

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Financial Highlights

- Consolidated EBITDA increased 29.5% y-o-y to USD 268.2 million and pro forma EBITDA including 50% in BESIX increased 12.7% y-o-y to USD 318.9 million FY 2019
- Net income attributable to shareholders of USD 27.6 million in Q4 2019 and USD 121.3 million in FY 2019
- Net cash position of USD 279.1 million as of 31 December 2019 and positive operating cash flow of USD 319.9 million in FY 2019

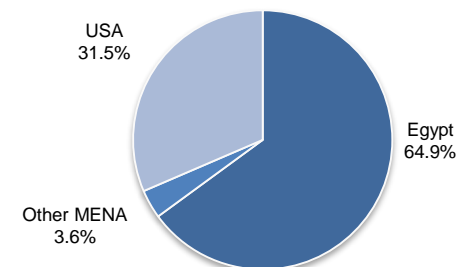
- Consolidated backlog grew 25.8% y-o-y USD 5.4 billion and pro forma backlog including 50% share in BESIX increased 15.4% y-o-y to USD 8.1 billion as of 31 December 2019
- Consolidated new awards increased 51.1% y-o-y to USD 3.6 billion and pro forma new awards including 50% share in BESIX increased 26.0% y-o-y to USD 5.4 billion in FY 2019
- BESIX reported a standalone backlog of EUR 4.8 billion and new awards of EUR 3.3 billion in FY 2019

- The Board of Directors proposes a dividend distribution to shareholders of USD 0.21 per share, subject to shareholder approval at the upcoming Annual General Meeting in May 2020
- While the Group reported strong FY 2019 results, dividend value was determined in light of potential uncertainty related to COVID-19
- Management and the Board will continue to monitor the Group's cash levels and needs to assess the possibility for a second distribution in 2020

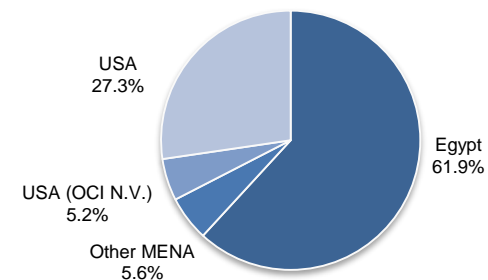
Summary Income Statement

USD million						
	FY 2019	FY 2018	Change	Q4 2019	Q4 2018	Change
Revenue	3,184.0	3,013.5	5.7%	898.7	777.8	15.5%
<i>MENA</i>	2,182.2	2,032.6	7.4%	551.6	569.8	(3.2)%
<i>USA</i>	1,001.8	980.9	2.1%	347.1	208.0	66.9%
EBITDA	268.2	207.1	29.5%	68.5	36.2	89.2%
<i>MENA</i>	276.4	239.6	15.4%	60.8	34.2	77.8%
<i>USA</i>	(8.2)	(32.5)	74.8%	7.7	2.0	285.0%
EBITDA margin	8.4%	6.9%		7.6%	4.7%	
<i>MENA margin</i>	12.7%	11.8%		11.0%	6.0%	
<i>USA margin</i>	(0.8)%	(3.3)%		2.2%	1.0%	
Net income attrib. to shareholders	121.3	144.7	(16.2)%	27.6	33.1	(16.6)%
<i>MENA</i>	115.9	129.2	(10.3)%	26.2	8.3	215.7%
<i>USA</i>	(17.5)	(39.2)	55.4%	4.8	0.5	860.0%
<i>BESIX</i>	22.9	54.7	(58.1)%	(3.4)	24.3	(114.0)%
Net income margin	3.8%	4.8%		3.1%	4.3%	
<i>MENA margin</i>	5.3%	6.4%		4.7%	1.5%	
<i>USA margin</i>	(1.7)%	(4.0)%		1.4%	0.2%	

Revenue by Geography – FY 2019



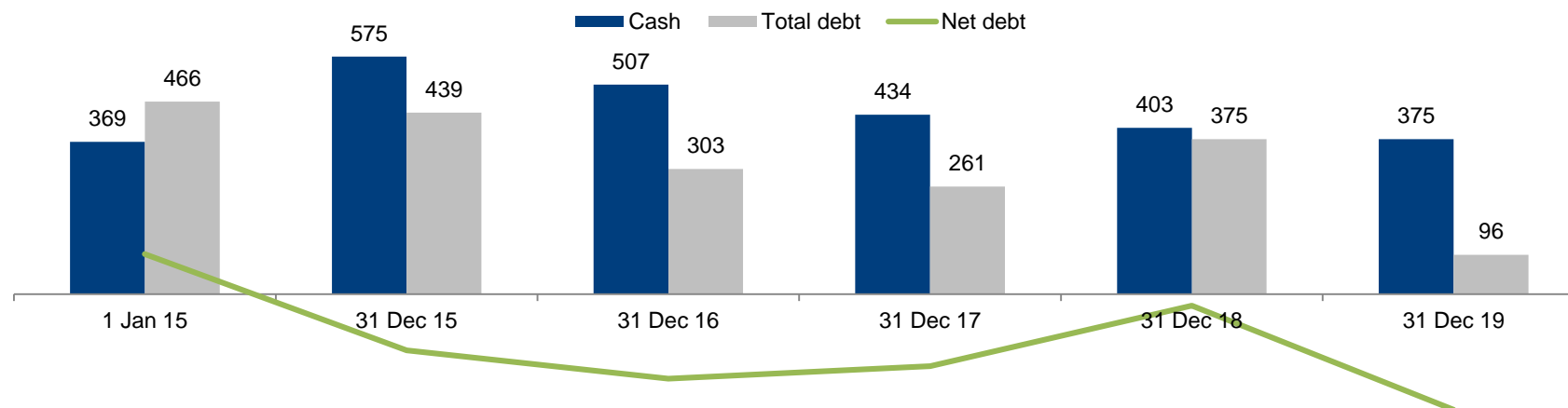
Revenue by Geography – FY 2018



Net Cash Position

Net cash position of USD 279.1 million as of 31 December 2019

Evolution of Net Debt (USD Million)



Debt and Equity Summary Based on IFRS Statements

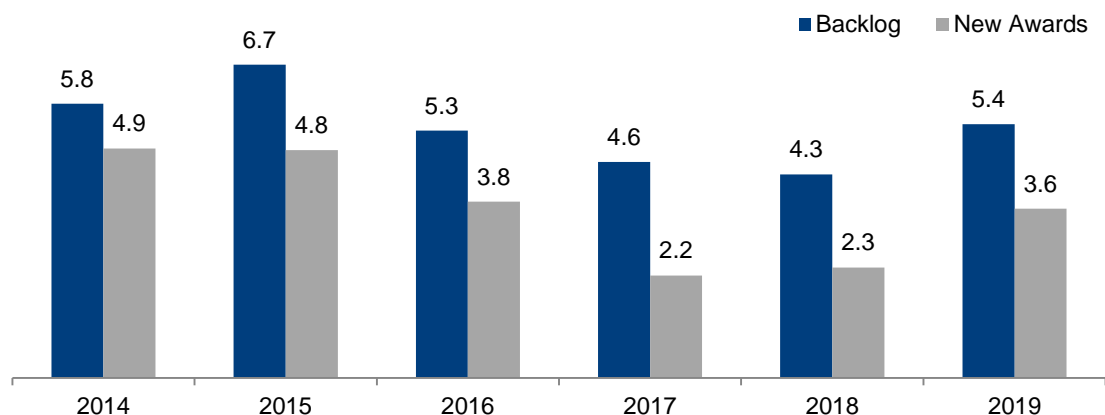
USD million	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17	31 Dec 18	31 Dec 2019
Cash	368.9	574.9	506.9	434.2	402.5	374.8
Total debt	466.0	439.4	302.8	260.7	375.3	95.7
Net debt	97.1	(135.5)	(204.1)	(173.5)	(27.2)	(279.1)
Total equity	804.4	560.5	302.4	402.5	471.5	585.7
ND/equity	0.12	(0.24)	(0.67)	(0.43)	(0.06)	(0.48)
EBITDA	N/A	(302.4)	99.0	212.9	207.1	268.2

Consolidated Backlog Growth

Current backlog size and quality supports the Group's revenue and profitability targets

Focus on pursuing quality projects where the Group has a competitive edge and is confident in the source of funding

Evolution of Consolidated Backlog⁽¹⁾



Backlog and New Awards Growth in 2019

USD million	FY 2019	FY 2018	Change	Q4 2019	Q4 2018	Change
Equity consolidation						
Backlog	5,444.9	4,327.7	25.8%			
New Awards	3,550.3	2,349.1	51.1%	793.4	831.3	(4.5)%
Pro forma inc. 50% of BESIX						
Backlog	8,132.5	7,049.2	15.4%			
New Awards	5,428.5	4,308.7	26.0%	1,462.2	1,635.8	(10.6)%

- Consolidated backlog (excluding BESIX) increased 25.8% y-o-y to USD 5.4 billion in FY 2019
- Consolidated new awards growth of 51.1% in FY 2019

MENA

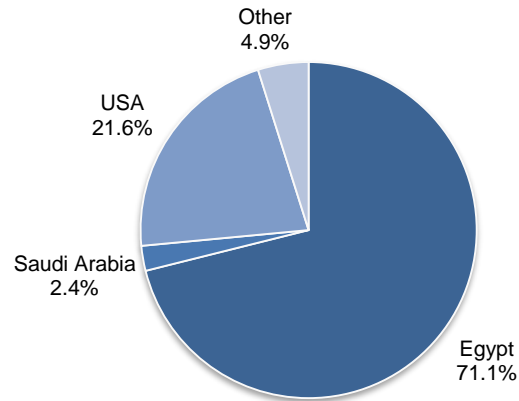
- New awards of approx. USD 2.4 billion YTD and USD 540 million in Q4 2019
- New projects in Q4 2019 include infrastructure, healthcare, logistics and roads
- 9M 2019 new awards included Egypt's first monorails (OC share USD 900 million) and Egypt's largest water treatment plant (OC share is USD 370 million)

USA

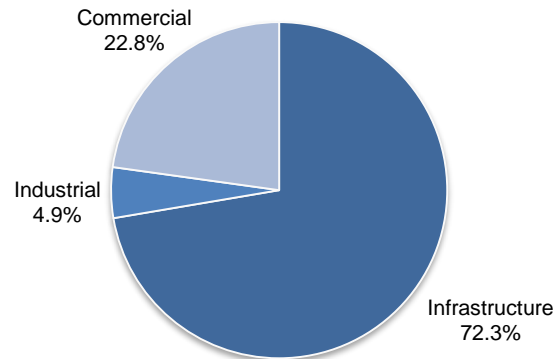
- New awards of approx. USD 1.2 billion YTD and USD 250 million in Q4 2019
- New projects in FY and Q4 2019 include:
 - Private-sector projects in the commercial and light industrial sectors
 - Additional work in the growing data center sector

Backlog Diversification

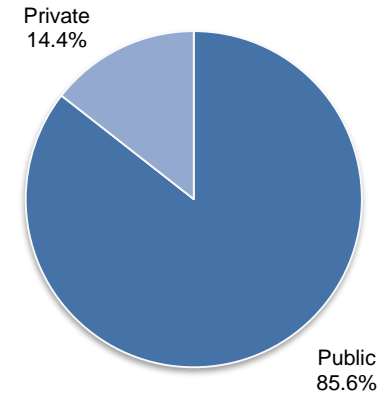
Backlog by Geography



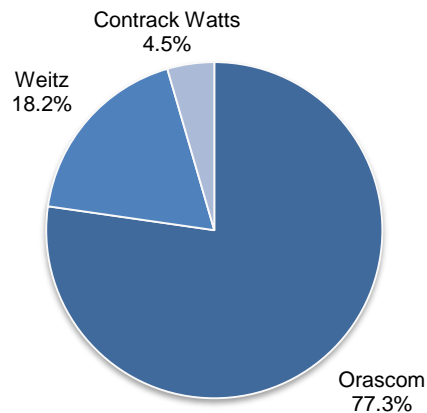
Backlog by Sector



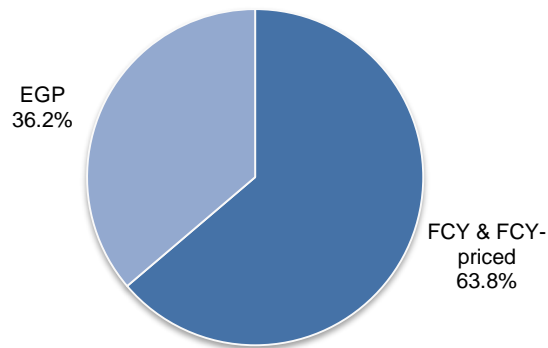
Backlog by Client



Backlog by Brand



Backlog by Currency

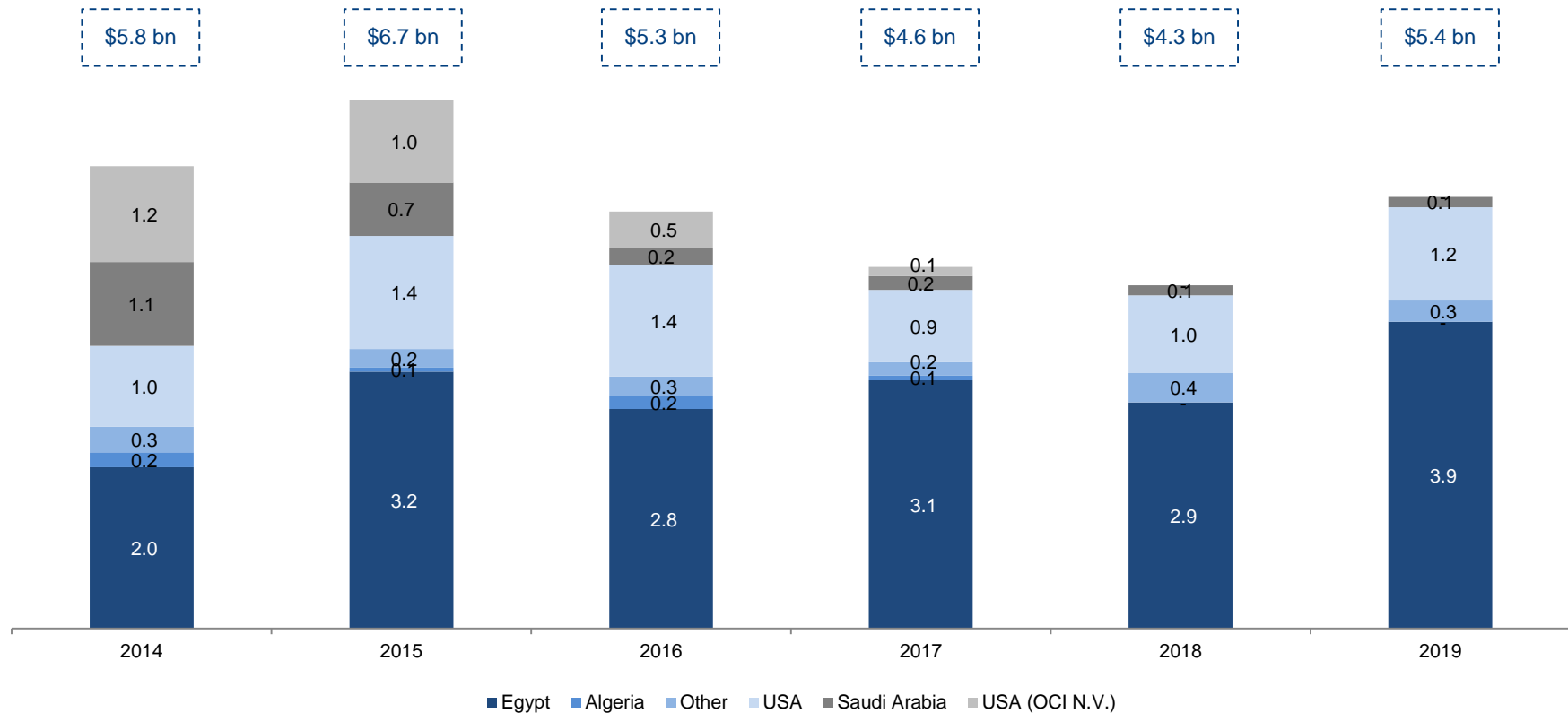


Currency Exposure

- 63.8% of the Group's total backlog is in FCY or priced in FCY
 - 49% of backlog in Egypt is in FCY
 - FCY and FCY-priced backlog outweigh FCY costs in Egypt
- The Group incorporates cost escalation clauses in most EGP contracts to protect against potential cost inflationary pressures

Evolution of Backlog by Geography

Consolidated Backlog by Geography (Excluding BESIX)



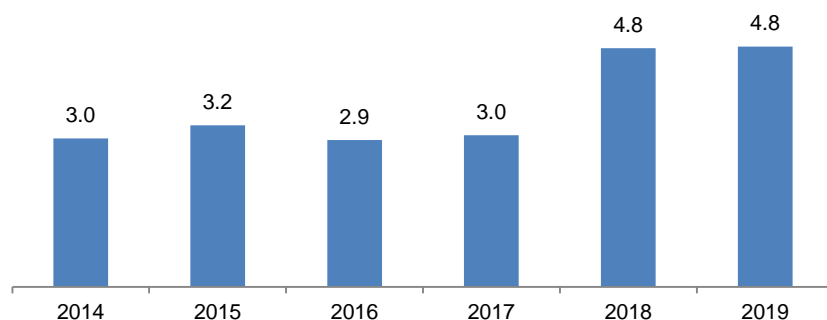
- Two main markets of Egypt and USA remain strong as the Group continues to pursue opportunities in new and existing markets
- The Group is pursuing quality projects in new markets in the Middle East and Africa across sectors in which it enjoys a competitive edge
- Egypt backlog in 2015 is based on a USD/EGP exchange rate of 7.8

Pro Forma Snapshot Including 50% of BESIX – FY 2019



- BESIX standalone backlog of EUR 4.8 billion in FY 2019, in-line with the level in FY 2018
- New awards reached EUR 1.2 billion in Q4 2019, bringing total new awards in FY 2019 to EUR 3.3 billion, also in-line with the level a year earlier
- BESIX standalone net cash position of EUR 141 million
- BESIX book value of USD 394.8 million in Orascom Construction's non current assets on the balance sheet

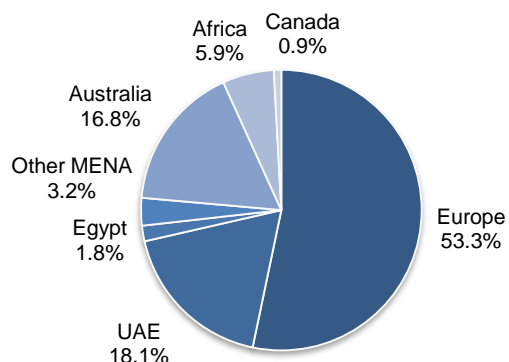
BESIX Standalone Backlog Evolution (EUR billion)



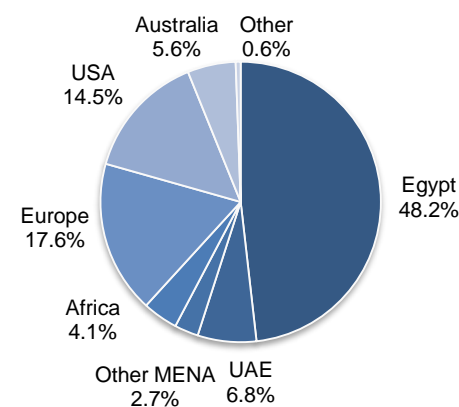
USD million

	OC	50% of BESIX	Pro Forma
Revenue	3,184.0	1,883.2	5,067.2
EBITDA	268.2	50.7	318.9
Net Income	98.4	22.9	121.3
Net Debt (Cash)	(279.1)	(79.0)	(358.1)
Backlog	5,444.9	2,687.6	8,132.5
New Awards	3,550.3	1,878.2	5,428.5

BESIX Standalone Backlog by Geography



Pro Forma Backlog – 50% of BESIX



Construction Materials and Investments

Portfolio of investments in infrastructure, construction materials, industrial property management and facilities management

Company	Ownership	FY 2019 Revenue	Description
 NSF National Steel Fabrication	100%	USD 41.7 million	<ul style="list-style-type: none"> Manufactures and supplies fabricated steel products in Egypt and North Africa – total capacity of 120k/year Operates four facilities plants in Egypt and Algeria, two of which are the largest in MENA
 ALICO	100%	USD 32.7 million	<ul style="list-style-type: none"> Manufactures and installs glass, aluminum and architectural metal works Operates facility in Egypt with a capacity of 250k sqm, supplying primarily Egypt and North Africa
 UHC	56.5%	USD 127.5 million	<ul style="list-style-type: none"> Holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt Subs operate from 4 plants in Egypt and Algeria, supplying products primarily in Egypt and North Africa
 UPC UNITED PAINTS & CHEMICALS	56.5%	USD 9.4 million	<ul style="list-style-type: none"> Owns DryMix, Egypt's largest manufacturer of cement-based ready mixed mortars in powdered form used in the construction industry Capable of producing 240k metric tons of product and supplies products to clients in Egypt and North Africa
 NPC	40%	USD 21.7 million	<ul style="list-style-type: none"> Manufactures precast/pre-stressed concrete cylinder pipes and pre-stressed concrete primarily Two plants located in Egypt supply Egypt and North Africa; production capacity of 86 km/yr of concrete piping
 scib Paints	14.7%	USD 54.5 million	<ul style="list-style-type: none"> Production capacity of 130k kilolitres of decorative paints and industrial coatings primarily for the construction industry Operates two plants in Egypt and supplies products to clients in Egypt and North Africa
 CONTRACK FM	100%	USD 22.2 million	<ul style="list-style-type: none"> Egypt's premier facility and property management services provider Hard and soft facility management in commercial, hospitality and healthcare
 SIDC SEZ INDUSTRIAL DEVELOPMENT COMPANY	60.5%	USD 11.0 million	<ul style="list-style-type: none"> Owner and developer of an 8.8 million square meter industrial park located in Ain Sokhna, Egypt Provides utility services for light, medium and heavy industrial users in Ain Sokhna, Egypt
 ORASQUALIA	50%	USD 11.9 million	<ul style="list-style-type: none"> A 250m³/day wastewater treatment plant; OC is a co-owner and co-operator of the facility Egypt's first Public Private Partnership project
 RAEGHAREB WIND ENERGY S.A.E.	20%	USD 7.9 million	<ul style="list-style-type: none"> The largest renewable energy IPP project in Egypt; a 262.5 MW build-own-operate wind farm under a 20-year Power Purchase Agreement Full commercial operation commenced 45 days ahead of schedule on 31 October 2019

Financial Statements

Income Statement

USD million	FY 2019	FY 2018	Q4 2019	Q4 2018	Results Commentary	
Revenue	3,184.0	3,013.5	898.7	777.8	Revenue: <ul style="list-style-type: none"> Revenue increased 15.5% y-o-y in Q4 2019 and 5.7% y-o-y in FY 2019 MEA comprised 61% and 69% of total revenue in Q4 2019 and FY 2019, respectively, while the USA operations accounted for the balance 	
Cost of sales	(2,820.5)	(2,673.4)	(808.7)	(710.9)		
Gross profit	363.5	340.1	90.0	66.9		
<i>Margin</i>	11.4%	11.3%	10.0%	8.6%		
Other income	15.0	8.3	5.0	(1.1)		
SG&A expenses	(162.1)	(181.3)	(39.9)	(40.1)		
Operating profit	216.4	167.1	55.1	25.7		
EBITDA	268.2	207.1	68.5	36.2		EBITDA <ul style="list-style-type: none"> EBITDA increased 89.2% y-o-y to USD 68.5 million in Q4 2019 and 29.5% y-o-y to USD 268.2 million in FY 2019
<i>Margin</i>	8.4%	6.9%	7.6%	4.7%		
Financing income & expenses						
Finance income	25.2	23.0	13.3	4.3	Income from associates: <ul style="list-style-type: none"> BESIX contributed USD 22.9 million in FY 2019 compared to USD 54.7 million in FY 2018 	
Finance cost	(98.5)	(28.1)	(26.6)	(9.7)		
Net finance cost	(73.3)	(5.1)	(13.3)	(5.4)		
Income from equity accounted investees (net of tax)	27.1	56.3	(2.5)	24.9	Net Income: <ul style="list-style-type: none"> Net income attributable to shareholders decreased 16.6% y-o-y in Q4 2019 and 16.2% y-o-y in FY 2019 Net income in Q4 2019 was impacted by a one-off negative contribution from BESIX despite an increase in net income from the MEA and US operations to USD 31.0 million in Q4 2019 compared to USD 8.8 million in Q4 2018 Net income in FY 2019 was also negatively impacted by higher net financing costs in Egypt in H1 2019, which was reduced by the end of Q3 2019 	
Profit before income tax	170.2	218.3	39.3	45.2		
Income tax	(39.1)	(63.6)	(8.5)	(9.8)		
Net profit	131.1	154.7	30.8	35.4		
Profit attributable to:						
Owners of the company	121.3	144.7	27.6	33.1		
Non-controlling interests	9.8	10.0	3.2	2.3		
Net profit	131.1	154.7	30.8	35.4		

Balance Sheet

USD million	31 Dec 2019	31 Dec 2018	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	181.3	159.3	<ul style="list-style-type: none"> Total investment in associates includes BESIX at an equity value of USD 394.8 million
Goodwill	13.8	13.8	
Trade and other receivables	44.4	15.2	Current assets:
Equity accounted investees	430.0	419.5	<ul style="list-style-type: none"> Trade and other receivables as of 31 Dec 2019 include USD 628.3 million in accounts receivables, USD 222.7 million in retentions and USD 203.9 million in supplier advance payments
Deferred tax assets	39.6	35.9	<ul style="list-style-type: none"> 61% of gross trade receivables as of 31 Dec 2019 are not yet due
Total non-current assets	709.1	643.7	<ul style="list-style-type: none"> Contracts work in progress should be assessed along with advance payments
Current assets			
Inventories	293.0	283.3	
Trade and other receivables	1,258.5	1,243.1	
Contracts work in progress	869.8	526.7	
Current income tax receivables	0.1	0.1	
Cash and cash equivalents	374.8	402.5	
Total current assets	2,796.2	2,455.7	
TOTAL ASSETS	3,505.3	3,099.4	

Balance Sheet

USD million	31 Dec 2019	31 Dec 2018	Results Commentary
EQUITY			Equity:
Share capital	116.8	116.8	<ul style="list-style-type: none"> ▪ The movement in reserves relates primarily to currency translation differences ▪ Total equity increase driven by higher retained earnings
Share premium	480.2	480.2	
Reserves	(304.6)	(335.6)	Liabilities:
Retained earnings	249.5	170.5	
Equity to owners of the Company	541.9	431.9	<ul style="list-style-type: none"> ▪ Trade and other payables includes USD 466.6 million in trade payables, USD 453.4 million in accrued expenses and USD 119.9 million in retentions payable to subcontractors ▪ Total debt decreased 74.5% y-o-y to USD 95.7 million as of 31 Dec 2019
Non-controlling interest	43.8	39.6	
TOTAL EQUITY	585.7	471.5	
LIABILITIES			
Non-current liabilities			
Loans and borrowings	5.4	2.3	
Trade and other payables	56.7	43.0	
Deferred tax liabilities	3.6	3.3	
Total non-current liabilities	65.7	48.6	
Current liabilities			
Loans and borrowings	90.3	373.0	
Trade and other payables	1,192.0	1,025.7	
Advance payments from construction contracts	1,096.1	606.0	
Billing in excess of construction contracts	375.3	410.8	
Provisions	53.3	103.3	
Income tax payable	46.9	60.5	
Total current liabilities	2,853.9	2,579.3	
Total liabilities	2,919.6	2,627.9	
TOTAL EQUITY AND LIABILITIES	3,505.3	3,099.4	

Cash Flow Statement

USD million	31 Dec 2019	31 Dec 2018	Results Commentary
Net profit	131.1	154.7	Cash flow used in operating activities:
Adjustments for:			
Depreciation	51.8	40.0	<ul style="list-style-type: none"> Positive operating cash of USD 319.9 million in FY 2019 compared to an outflow of USD 53.9 million in FY 2018
Interest income (including gain on derivatives)	(9.7)	(16.2)	
Interest expense (including loss on derivatives)	53.0	26.2	
Foreign exchange gain (loss) and others	30.0	(4.9)	
Share in income of equity accounted investees	(27.1)	(56.3)	
Gain on sale of PPE	(1.7)	(1.6)	
Income tax	39.1	63.6	
Change in:			
Inventories	(9.7)	(51.1)	
Trade and other receivables	(92.3)	(62.3)	
Contract work in progress	(343.1)	(37.9)	
Trade and other payables	153.9	(128.4)	
Advanced payments construction contracts	490.1	121.3	
Billing in excess on construction contracts	(35.5)	(118.9)	
Provisions	(50.0)	41.0	
Cash flows:			
Interest paid	(53.4)	(24.9)	
Interest received	8.7	8.0	
Dividends from equity accounted investees	22.8	43.2	
Income taxes paid	(38.1)	(49.4)	
Cash flow from (used in) operating activities	319.9	(53.9)	

Cash Flow Statement

USD million	31 Dec 2019	31 Dec 2018	Results Commentary
Investment in associate, net of cash acquired	(16.6)	-	Cash flow used in investing activities: <ul style="list-style-type: none"> Cash outflow for investments in PPE of USD 39.5 million in FY 2019
Investments in PPE	(39.5)	(50.2)	
Proceeds from sale of PPE	8.1	7.3	
Cash flow used in investing activities	(48.0)	(42.9)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash used in financing activities of USD 320.1 million in FY 2019, mainly driven by debt repayment and dividends paid to shareholders in July 2019
Proceeds from borrowings	167.1	313.1	
Repayments of borrowings	(446.7)	(198.5)	
Dividends paid to shareholders	(34.7)	(30.0)	
Others	(5.8)	(16.8)	
Net cash (used in) from financing activities	(320.1)	67.8	
Net decrease in cash and cash equivalents	(48.2)	(29.0)	
Cash and cash equivalents at 1 January	402.5	434.2	
Currency translation adjustments	20.5	(2.7)	
Cash and cash equivalents at 31 December	374.8	402.5	

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Backlog and new contract awards are non-IFRS metrics based on management's estimates of awarded, signed and ongoing contracts which have not yet been completed, and serves as an indication of total size of contracts to be executed. These figures and classifications are unaudited, have not been verified by a third party, and are based solely on management's estimates.



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